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UNITED STATES DEPARTMENT OF AGRICULTURE  
Federal Crop Insurance Corporation

February 20, 1948

MULTIPLE CROP INSURANCE, 1948  
Summary of Major Program Provisions

A multiple crop insurance program has been developed in which a number of crops will be covered under one contract. This program will be offered in Goodhue County, Minnesota and Gratiot County, Michigan. Crop insurance for individual commodities will not be in effect in these two counties, except for wheat crop insurance contracts now in force which are not canceled by multiple crop insurance contracts as herein provided.

Under this program a farmer will insure all his insurable crops under one contract and the protection offered will be against loss from all crops combined rather than loss of individual crops. The major provisions of this program are outlined below.

1. Crops to be insured

The insurable crops in Goodhue County are corn, flax, oats and wheat, including mixtures of flax and wheat, and wheat and oats. The insurable crops in Gratiot County are pea and medium white beans, corn, oats and wheat, including a mixture of wheat and oats. If an applicant already has wheat insured for the 1948 crop year he may elect to cancel that contract by including his wheat in the multiple crop insurance contract, or he may elect to continue his wheat contract and insure the rest of his insurable crops under a multiple crop insurance contract. If an applicant does not have his wheat insured under an existing contract, the wheat crop will be included under the multiple crop contract except in individual cases where it is determined that material damage has occurred to the winter wheat, in which case such damaged wheat will be excluded at the time the application is submitted.

2. Plan of insurance

A coverage stated in dollars will be established for each insurable crop. The total coverage for any insurance unit will be the sum of the coverages for all insured crops planted thereon. In determining the amount of indemnity, if any, due the insured, the insured's interest in the value of the total production of all insured crops on an insurance unit will be deducted from the total coverage for such unit. In determining any loss, the production (actual and appraised) for each insured crop will be valued on the basis of the following price: \$1.30 per bushel for corn, \$5.75 per bushel for flax, \$.60 per bushel for oats, \$1.90 per bushel for wheat, and 7.6 cents per pound (after picking) for beans.

If a small amount of wheat is seeded with the flax in Goodhue County, the flax coverage will apply, but if more than the usual amount of wheat required to facilitate handling is seeded with the flax, the wheat coverage will apply. If in either county a mixture of wheat and oats is seeded, the oats coverage will apply.

In determining production on acreage where flax and wheat are growing together in a mixture, the production of each commodity will be determined and valued separately. Where oats and wheat are growing together in a



mixture, the production will be counted as oats on a weight basis and will also be valued based on the oats price.

3. Level of Insurance

Only one level of insurance, a relatively low level for each insurable crop, will be offered in each county.

4. Establishing Coverages and Rates

The coverage for each insurable crop will probably be the same for all farms in the county on which insurance will be accepted. However, if warranted because of varying production risks, separate areas for coverages and premium rate purposes may be established in the county, in which case all farms situated within the same area will have the same coverages and premium rate. Coverages and rates will not be established for extremely low yielding farms or for farms on which the risk appears to be excessive.

5. Progressive Coverage

Progressive coverage will be applicable individually to each insurable crop. For all crops except beans, this progression will follow the pattern set in the dollar coverage spring wheat counties with approximately 45% of the maximum coverage applicable on released acreage seeded to a substitute crop, approximately 90% of the maximum coverage applicable on all other acreage not harvested and the maximum coverage applicable on harvested acreage. In the case of beans the coverage will be as follows:

- a. Acreage planted but not cut or pulled - approximately 65% of coverage for threshed acreage.
- b. Acreage cut or pulled but not threshed - approximately 85% of coverage for threshed acreage.
- c. Acreage threshed - 100% coverage.

6. Coverage for Substitute Crop

If acreage of an insured crop is released and an insurable substitute crop is to be planted on the released acreage, the grower may increase his insurance to cover such substitute crop if the following conditions are met:

- a. The acreage must be whole field or parts thereof with definite boundaries.
- b. It must be early enough in the season reasonably to expect a normal production of the substitute crop, and
- c. A supplemental acreage report covering the substitute crop must be submitted to the adjuster at the time the first crop is released.

(See item 8 for revision in acreage figures in cases where the substitute crop intended to be planted was not planted.)

The coverage for any substitute crop which is included on an acceptable supplemental acreage report will be determined without regard to the coverage for the crop which was released. That is, the coverage will be determined for the released crop and the substitute crop even though both crops are



planted on the same acreage. Likewise, a premium will be due on both the released crop and the substitute crop.

## 7. Premiums

The premium rates are based on size of acreage. That is, the largest acreage of any insured crop on an insurance unit has the highest premium rate without regard to which crop it may be. The second largest acreage takes a lower rate, and the third largest acreage takes even a lower rate. The application of these rates may be shown in the following example which is based on a grower planting three of the four insurable crops and having 100% interest therein. The rates in the example are the rates used in Goodhue County.

	<u>Acreage</u>		<u>Rate</u>		<u>Premium</u>
Largest acreage	50	x	\$.90	=	\$45.00
Second largest acreage	35	x	.50	=	17.50
Third largest acreage	15	x	.40	=	6.00
Total premium for unit					\$68.50

Although this example is based on the insured having the same percentage interest in each crop, the rate basis would be the same if he had different shares because the rate is affected only by size of acreage. The rates are less on the second and third crops because the production from all insured crops on an insurance unit is considered in determining any loss and a low yield of one crop <sup>may</sup> therefore be offset by production from another crop.

For the purpose of determining the amount of premium, a mixture of flax and wheat will be considered as flax in Goodhue County, and a mixture of wheat and oats will be considered as oats in both counties.

There will be a discount of 5% on any premium paid in full on or before March 31, 1948.

The maturity date is July 31, 1948. An interest charge of 3 percent will be made on all premium payments not made on or before December 31, 1948, and 3 percent interest will be added on the principal amount remaining unpaid at the end of each six-month period thereafter.

## 8. Insured Acreage

An acreage report will be obtained at the time the application for insurance is submitted. On this report will be shown for each insurance unit (1) the number of acres of each insured crop on which the applicant is applying for insurance, and (2) his share in the crop to be planted on such acreage. If wheat is insured under an existing wheat contract which the grower proposes to cancel by including the wheat crop under the multiple crop contract, all the winter wheat acreage must be shown on the multiple crop acreage report or the Corporation will refuse acceptance of the multiple crop application, thus continuing the wheat contract. It is not necessary to include all the acreage of other insurable crops on the acreage report but it is desirable to do so. Even though all the acreage is not included on the acreage report, any loss will be computed on the basis of the total planted acreage of all insured crops on the insurance unit (subject to apportioning as set forth in item 9).



The acreage and interest in the crop as shown on the acreage report may be increased or decreased by the applicant on or before the closing date for submitting applications. After the closing date the figures (including those on any supplemental acreage report covering a substitute crop) may be changed to the actual plantings up to June 30 in cases where the premium computed for the total planted acreage of all insured crops on an insurance unit is not more than the premium computed for the total acreage shown on the acreage report for such unit as of March 31, 1948, including any supplement thereto covering a substitute crop. Changes which increase the premium will not be made after March 31, 1948, except in cases where acreage is released and an insurable crop is to be planted thereon and the grower reports the substitute crop as provided in Item 6 above.

9. Apportioning losses

In computing any loss under the contract the acreage planted to each insured crop and the insured interest therein will be accurately determined and the premium will be recomputed based thereon. If the recomputed premium does not exceed the premium computed for the acreage and interest shown on the acreage report (including any supplemental report) the full amount of loss on the acreage planted will be paid. However, if the recomputed premium is more than the premium based on the acreage report, any loss determined for the planted acreage will be apportioned on the basis of the ratio of the premium initially computed to the recomputed premium.

10. Insurance unit

An insurance unit will be (1) all insurable acreage of all insured crops in the county in which the insured has 100 percent interest in the crops at the time of planting, or (2) all insurable acreage of all insured crops in the county which are grown on land owned by one person and operated by the insured as a share tenant, or (3) all insurable acreage of all insured crops in the county which are grown on land owned by the insured and which is rented to one share tenant. Land rented for cash or for a fixed commodity payment shall be considered to be owned by the lessee.

An applicant may combine what would otherwise be two or more insurance units into one insurance unit if he so specifies on his acreage report at the time of filing his application for insurance.

11. Term of Contract

Principally because of the experimental nature of multiple crop insurance, the contract is being written on an annual basis.

12. Insurance period

The crops will be covered only while they are in the field. The insurance period will begin on any insured acreage when the crop is planted thereon and will end upon harvesting the crop, but in no case will it extend beyond December 10, 1948, unless such time is extended in writing by the Corporation.

13. Notice of damage

The insured must notify the Corporation at any time that any material



damage occurs to any insured crop. If a loss occurs, notice thereof must be given the Corporation by the insured within 15 days after the last insured crop is harvested or December 31, 1948, whichever is earlier.

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